

TEACHERS' RETIREMENT BOARD  
INVESTMENT COMMITTEE

SUBJECT: Alternative Investments  
Activity Status Report

ITEM NUMBER: 13

ATTACHMENT(S): 3

ACTION: \_\_\_\_\_

DATE OF MEETING: March 6, 2002

INFORMATION: X

PRESENTER(S): Réal Desrochers

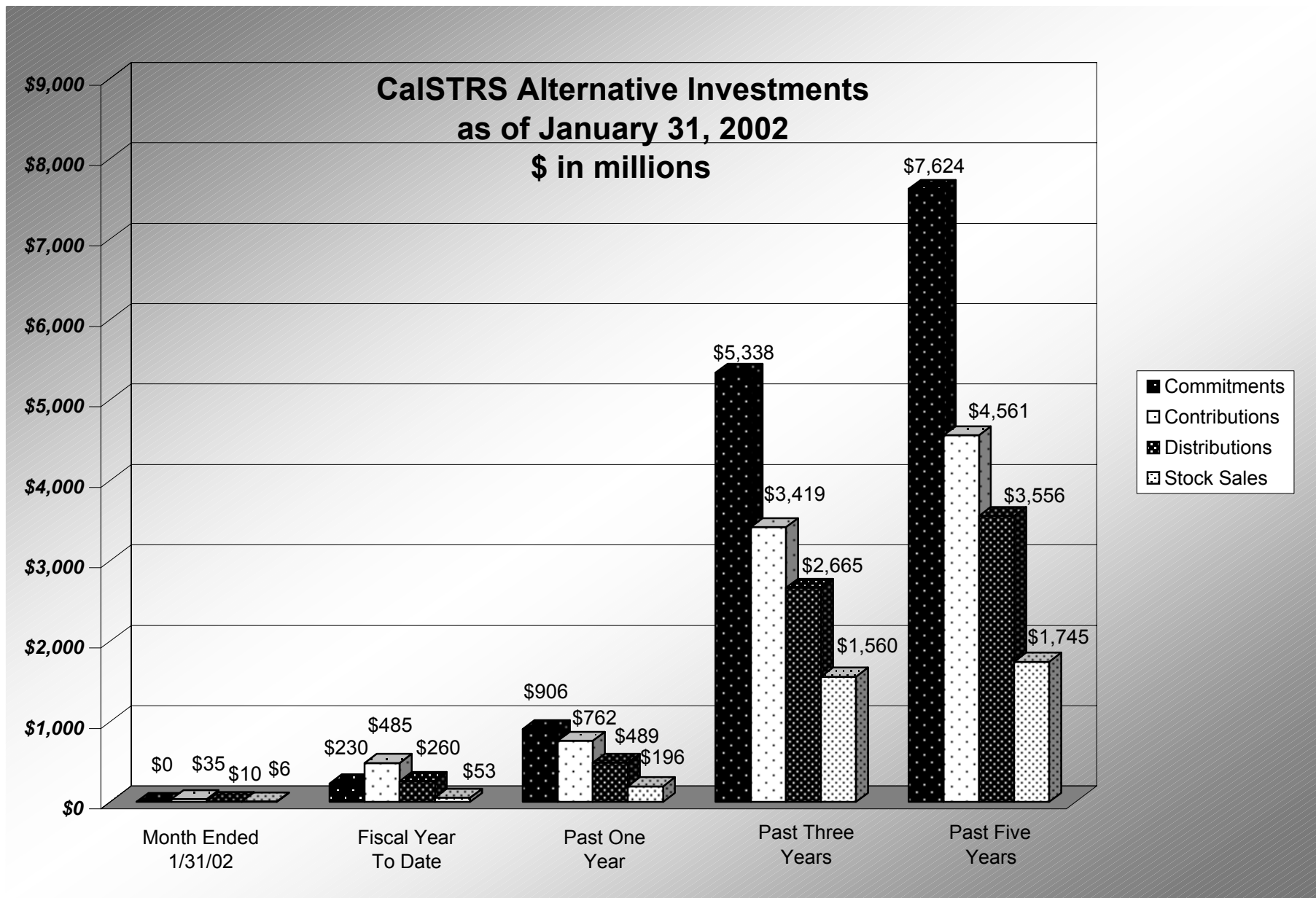
The table below contains Alternative Investment activity for the month of January 2002 and historical information for selected time periods.

	Month Ended 01/31/02	Fiscal Year To Date	Past One Year	Past Three Years	Past Five Years
<u>Commitments:</u>					
Partnerships	\$ 0	\$ 215,000,000	\$ 820,860,000	\$ 5,036,645,000	\$ 7,322,663,013
Co-Investments	0	12,500,000	82,879,584	219,011,854	219,011,854
Secondaries	0	2,047,424	2,047,424	82,114,669	82,114,669
	<b>\$ 0</b>	<b>\$ 229,547,424</b>	<b>\$ 905,787,008</b>	<b>\$ 5,337,771,523</b>	<b>\$ 7,623,789,536</b>
<u>Contributions:</u>					
Partnerships	\$ 34,895,033	\$ 446,240,554	\$ 681,021,455	\$ 3,158,372,446	\$ 4,283,876,995
Co-Investments	0	22,823,508	58,418,764	147,410,519	147,410,519
Secondaries	0	1,654,746	1,271,244	74,741,109	74,741,109
Mgmt. Fee (Outside)	294,316	14,065,320	20,807,342	38,789,904	54,977,477
	<b>\$ 35,189,349</b>	<b>\$ 484,784,128</b>	<b>\$ 761,518,805</b>	<b>\$ 3,419,313,978</b>	<b>\$ 4,561,006,100</b>
<u>Distributions:</u>					
Cash	\$ 5,786,818	\$ 211,083,213	\$ 357,607,512	\$ 1,101,070,608	\$ 1,788,343,715
Stock	4,047,002	48,515,920	131,688,570	1,563,436,621	1,767,213,293
	<b>\$ 9,833,820</b>	<b>\$ 259,599,133</b>	<b>\$ 489,296,082</b>	<b>\$ 2,664,507,229</b>	<b>\$ 3,555,557,008</b>
Stock Sales	\$ 5,967,461	\$ 52,576,934	\$ 195,973,499	\$ 1,560,287,547	\$ 1,744,757,060

The chart presented in Attachment 1 illustrates the total amount of capital that CalSTRS has committed and contributed to its limited partnerships, co-investments, and secondary interests for the five year period ending January 31, 2002. The chart also illustrates the amount of distributions received and stock sold over the past five years. For the five year period ending January 31, 2002, CalSTRS has received total distributions of nearly \$3.6 billion, representing 78% of contributed capital.

This report also presents a summary of the status of the portfolio at the quarter ended December 31, 2001. Attachment 2 presents approved allocations and targets to each Alternative Investment Sub-Category and shows CalSTRS' current exposure in each of the respective segments. As shown in the pie charts, CalSTRS' current exposure to each subcategory closely parallels approved targets and is well within the approved long-term target ranges.

Attachment 3 contains a summary of investment performance and portfolio exposure by market segment. Secondary interests, representing 1.3% of the portfolio, outperformed the other market segments, followed closely by the venture capital segment, which represents 12.9% of the portfolio. These two market segments generated internal rates of return of 36.9% and 33.3%, respectively.

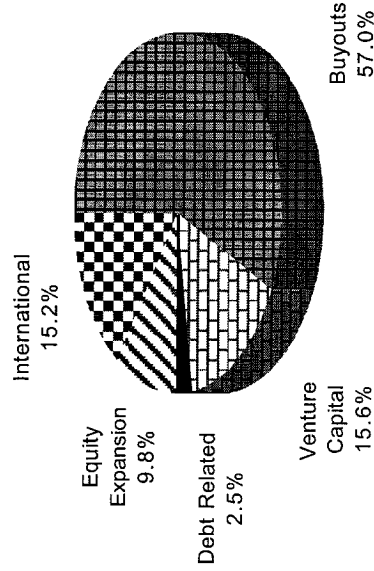


**Alternative Investments Allocations and Targets**  
**As of December 31, 2001**  
**(\$'000s)**

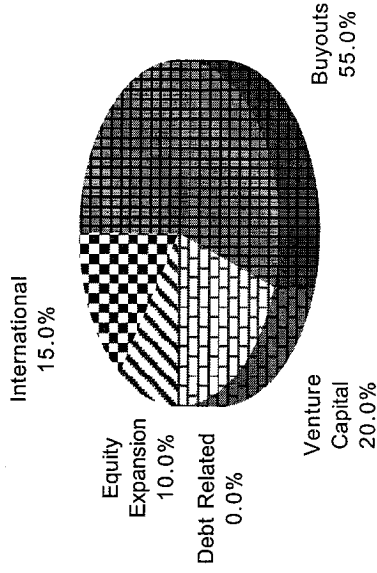
**Allocation by Partnership**

Alternative Investment Sub-Category <sup>1</sup>	Market Value of Actual Partnership Strategies <sup>2</sup>	CalSTRS Market Value	Unfunded Commitments <sup>3</sup>	Market Value plus Unfunded Commitments (\$'000s)	CalSTRS' Current Exposure	Long-Term Target Ranges	CalSTRS' Target
Buyouts	\$ 2,572,137	59.1%	\$ 2,433,895	\$ 5,006,032	57.0%	45-65%	55%
Venture Capital	\$ 599,644	13.8%	\$ 768,806	\$ 1,368,450	15.6%	10-30%	20%
Debt Related	\$ 171,791	3.9%	\$ 45,009	\$ 216,800	2.5%	0-5%	0%
Equity Expansion	\$ 408,311	9.4%	\$ 452,548	\$ 860,859	9.8%	5-15%	10%
International	\$ 600,067	13.8%	\$ 735,135	\$ 1,335,202	15.2%	10-25%	15%
<b>Total</b>	<b>\$ 4,351,950</b>	<b>100.0%</b>	<b>\$ 4,435,393</b>	<b>\$ 8,787,343</b>	<b>100.0%</b>		<b>100%</b>

**CalSTRS Current Exposure**



**CalSTRS Target**



**Notes:**

- <sup>1</sup> Market Value is based upon the actual strategy of the Partnership. Secondaries are included in Buyouts. Co-Investments are based on company investment strategy.
- <sup>2</sup> Market Value is actual as of 9/30/01 adjusted for cash flows.
- <sup>3</sup> The following table includes all commitments made through end of reporting month.

**Alternative Investments**  
**Statement of Investments (Totals by Market Segment)**  
**For the Month Ending December 31, 2001**  
(in \$000's)

**Attachment 3**  
**Investment Committee - Item 13**  
**March 6, 2002**

Partnership	\$ Weighted Age in Years	Age in Years	CalSTRS' Commit.		Cum. Contrib Dec-01	Cum. Distrib. Dec-01	Unfunded Dec-01	Est. Market Value Dec-01	IRR <sup>1</sup>	% of Portfolio	
Total Buyout:	2.6	5.3	\$ 5,411,029		\$ 2,996,136	\$ 1,467,788	\$ 2,423,033	\$ 2,429,104	15.3%	55.8%	<sup>2</sup>
Total Debt:	0.3	8.4	\$ 302,037		\$ 258,943	\$ 233,942	\$ 45,009	\$ 171,791	14.1%	3.9%	<sup>2</sup>
Total Equity Expansion:	0.8	6.1	\$ 1,135,288		\$ 671,390	\$ 1,288,734	\$ 452,548	\$ 372,811	24.8%	8.6%	<sup>2</sup>
Total International:	0.4	4.0	\$ 1,462,915		\$ 727,638	\$ 216,358	\$ 735,135	\$ 600,067	8.3%	13.8%	<sup>2</sup>
Total Venture Capital:	0.6	4.7	\$ 1,581,500		\$ 822,610	\$ 932,962	\$ 758,806	\$ 563,396	33.3%	12.9%	<sup>2</sup>
Total Co-Investment:	0.1	2.2	\$ 266,012		\$ 209,411	\$ 9,790	\$ 14,242	\$ 155,898	(15.0%)	3.6%	<sup>2</sup>
Total Secondary:	0.1	5.5	\$ 102,704		\$ 96,085	\$ 97,369	\$ 6,620	\$ 58,882	36.9%	1.3%	<sup>2</sup>
Total Portfolio:	5.0	5.0	\$ 10,261,485		\$ 5,782,212	\$ 4,246,944	\$ 4,435,393	\$ 4,351,950	20.4%	100.0%	<sup>2</sup>
Total Distributed Stocks Currently Held:								\$ 7,091			
Grand Total: Includes Total Portfolio and Total Distributed Stocks Currently Held:			\$ 10,261,485		\$ 5,782,212	\$ 4,246,944	\$ 4,435,393	\$ 4,359,041			
					Total Distributed Stocks Since Inception:	\$ 1,990,243					
							Total Quarterly Return of Stocks Distributed <sup>3</sup> :	(10.9%)			

Notes:

<sup>1</sup> Actual 9/30/01 IRRs.

All internal rates of return (IRR's) are calculated using quarterly cash flows and are net of management fees and expenses.

- CalSTRS % ownership is based upon the original commitment amount.
- Distribution dates and amounts represent those reported by the partnerships, and in the case of stock distributions, do not represent the actual proceeds received by CalSTRS.
- Contribution amounts reflect the impact of management fees charged by the partnerships.

<sup>2</sup> % of Portfolio: Represents the Est. Market Value divided by the Total Market Value for the entire CalSTRS Portfolio.

<sup>3</sup> Monthly time weighted rate of return for the quarter.